

Message Text

CONFIDENTIAL

PAGE 01 TEHRAN 02392 141024 Z

13

ACTION XMB-07

INFO OCT-01 EA-11 NEA-10 ADP-00 SCEM-02 EB-11 COME-00

TRSE-00 CIAE-00 INR-10 NSAE-00 RSC-01 L-03 AID-20

FRB-02 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10

SS-15 STR-08 CEA-02 RSR-01 INT-08 FPC-01 EUR-25 /170 W

----- 071045

R 140817 Z APR 73

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 1847

INFO AMEMBASSY DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TOKYO

C O N F I D E N T I A L TEHRAN 2392

PASS EXIM BANK

E. O. 11652: GDS

TAGS: ENRG, IR

SUBJ: GAS: LIQUID METHYL FUEL PROJECT FOR QESHM ISLAND

1. ALASKA INTERSTATE COMPANY AND ITS SUBSIDIARY, TRANSWORLD GAS SYSTEMS, INC., SIGNED AGREEMENT APRIL 8 WITH NIGC TO PREPARE FEASIBILITY STUDY FOR METHYL FUEL PLANT ON QESTE ISLAND. NIGC MANAGING DIRECTOR, TAGHI MOSSADEGHI AND ALASKA INTERSTATE VP ALVIN R. MARTIN AND TRANSWORLD PRESIDENT CHARLES E. SMITH RECENTLY BRIEFED EMOFFS AND AMBASSADOR.

2. MARTIN AND SMITH HAVE BEEN IN NEGOTIATION WITH MOSSADEGHI SINCE LAST NOVEMBER. AS COMPARED TO BUSHIRE AND KHARG LNG PROJECTS, BARGAINING POSITIONS WERE MORE NEARLY EQUAL SINCE MOSSADEGHI WAS AWARE QESHM GAS TOO LOW IN CALORIFIC VALUE TO BE SUITABLE FOR LNG, BUT WAS UNDER PRESSURE FROM SHAH TO DEVELOP LARGE QESHM RESERVES. AS RESULT MARTIN AND SMITH EVENTUALLY WERE ABLE PERSUADE HIM GIVE THEM PRELIMINARY EXCLUSIVE COMMITMENT ON QESHM WITH WHICH THEY WERE ABLE APPROACH PROSPECTIVE CUSTOMERS. WITH EXPRESSIONS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEHRAN 02392 141024 Z

OF FIRM INTEREST FROM CUSTOMERS IN BOTH JAPAN AND U. S. IN HAND,
MOSSADEGHI SIGNED AGREEMENT FOR FEASIBILITY STUDY.

3. STUDY WILL COST

\$250,000, MUST BE COMPLETED IN 60 DAYS, NIGC AND
ALASKA INTERSTATE WILL JOINTLY CONSIDER STUDY AND REACH CONCLUSION
ON FEASIBILITY WITHIN ADDITIONAL 30 DAYS. STUDY WILL BE PREPARED
BY ALASKA INTERSTATE TEAM ALREADY AT WORK IN LONDON USING
VOLUMINOUS
DATA OBTAINED BY NIGC FROM CONSORTIUM. PLANT BEING CONSIDERED
WOULD
COST \$400 MILLION WITH ADDITIONAL \$100 MILLION NECESSARY FOR
DRILLING. METHYL FUEL WOULD BE TRANSPORTED IN REGULAR TANKERS
UNDER VERY LONG- TERM CHARTER (UP TO 20 YEARS) TO JAPAN AND U. S.
ESTIMATED C. I. F. PRICES ARE \$1.00/ MILLION BTU' S IN JAPAN, AND \$1.05
OR \$1.15 MILLION BTU' S EITHER COAST USA DEPENDING ON WHETHER SHIP-
PING IS FOREIGN OR U. S. PLANT PLANNED COME ON- STREAM LATE 19 76,
PRODUCE 30,000 TONS/ DAY OR 550 MILLION CFD IF REGASSIFIED BY CON-
SUMERS.

4. MARTIN AND SMITH STRESSED ADVANTAGES OF METHYL FUEL AS LIQUID
WHICH NOT SUBJECT SAME FPC HEARING REQUIREMENTS AS LNG OR OTHER
FORMS GAS, BUT WHICH CAN BE CONVERTED TO GAS ALMOST AS EASILY AS
LNG. ACCORDING TO MARTIN, ANOTHER METHYL PLANT IS UNDER NEGOTIATION
IN SAUDI ARABIA. THIS AND QESHM PROJECT , IF APPROVED, WOULD BE
FIRST TWO LARGE- SIZE METHYL PLANTS IN WORLD.
HELMS

CONFIDENTIAL

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 14 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TEHRAN02392
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GDS
Errors: n/a
Film Number: n/a
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730444/aaaaiprb.tel
Line Count: 95
Locator: TEXT ON-LINE
Office: ACTION XMB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 06 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Nov-2001 by smithrj>; APPROVED <23-Nov-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 980121
Subject: GAS: LIQUID METHYL FUEL PROJECT FOR QESHM ISLAND
TAGS: ENRG, IR
To: DHAHRAN
JIDDA
KUWAIT
SECSTATE WASHDC
TOKYO
XMB
Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005